

## On The Cover



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### Theil-Sen Estimation for the Market Approach

By Phillipp D. Schaberl, CPA, PhD; and Keith Sellers, CPA, ABV, PhD

Ordinary Least Squares (OLS) regression is the most common multivariate method for the Market Approach of business appraisals. However, when using OLS regressions for financial and valuation related variables, the analyst is likely to face problems due to outliers and or heteroscedasticity of the regression residuals. This article introduces and explains the Theil-Sen Method (TSM), which can offer significant advantages over OLS.

## In This Issue...

### 14 NONCOMPETE AGREEMENTS—WHAT IS THE VALUE?

By Brian P. Cockerill, MAM, CPA, CFE, CVA

Business appraisers may need to value a noncompete agreement (aka covenant not to compete) for reasons that include negotiating the terms of transaction, a purchase price allocation, and asset impairment testing. In this article, the author defines the noncompete agreement, discusses how it works, and provides steps in valuing the noncompete agreement using the discounted cash flow method.

### 20 CONFERENCE PREVIEW

By Nancy McCarthy, Senior Editor, The Value Examiner; and Rod Burkert, CPA, ABV, CVA

According to this year's Conference Keynote Speaker, Peter Leydon, Founder and CEO of Reinvent, "We are entering a period of fundamental reinvention on a scale seen only a handful of times in history."

To meet these challenges and to offer insights and solutions, NACVA and the CTI's Annual Consultants' Conference—June 7–10, 2017, at the Swissôtel in downtown Chicago—will feature sessions that will shed light on and add commentary to the most critical issues facing the profession. In this Conference Preview, *The Value Examiner* gives an overview of what to expect during the Conference, previews some of the hottest discussion topics, discusses trends with two of the presenters, and provides an interview with John Borrowman regarding the prospects of hiring qualified value analysts in the future.



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#### ACADEMIC REVIEW

### SPECIAL TOPIC: A LOOK INTO BUSINESS VALUATION IN THE FUTURE

By Peter L. Lohrey, PhD, CVA, CDBV

Summaries of contemporary research in valuation and forensic accounting selected from numerous academic research outlets that illustrate the core of this novel research while increasing awareness among the community of the subject matter.

In this issue, Dr. Lohrey discusses the impact of new trends on the future of business valuations.



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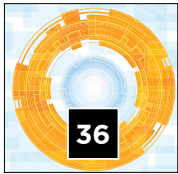
#### LITIGATION CONSULTING

### COURT CORNER

By Peter Agrapides, MBA, CVA

Summaries and analysis of the most important cases that involve valuation and expert testimony issues, in both federal and state courts.

# Departments



## TECHNOLOGY REVIEW STOCK OPTIONS IN TECH COMPANIES: Determining What are They Worth

By Raphael Meyara, MBA

How do you determine an exercise price for a new grant of stock options, understand at which company value your stock options are at the money, or value stock options at fair market value for secondary deals or an immediate M&A event? The right software can tap into the databases you need to answer these questions.



## HEALTHCARE INSIGHTS VALUATION OF COMPENSATION FOR PHYSICIAN SERVICES: CLINICAL SERVICES

By Bob Cimasi, MHA, ASA, FRICS, MCBA, CVA, CM&AA;  
and Todd Zigrang, MBA, MHA, FACHE, ASA

In this new column, the authors provide a brief overview of the classification and valuation of compensation for four common types of services rendered in the healthcare delivery industry. This first installment in the series will focus on the classification and valuation of compensation for physician clinical services.



## PRACTICE MANAGEMENT

### PRACTICING SOLO

By Rod P. Burkert, CPA, ABV, CVA

The author interviews sole practitioner Daniel Gilbert, CPA, ABV, CVA, CFE, from Portland, Oregon



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The Value Examiner is devoted to current, articulate, concise, and practical articles in business valuation, litigation consulting, fraud deterrence, matrimonial litigation support, mergers and acquisitions, exit planning, and building enterprise value. Articles submitted for publication should range from 500 to 3,000 words. Case studies and best practices are always welcome.

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